

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 05 ROME 001744

SIPDIS

E.O. 12958: N/A

TAGS: [ELAB](#) [PGOV](#) [PGOV](#) [PGOV](#) [PGOV](#) [PGOV](#) [IT](#) [ITELAB](#) [ITELAB](#) [ITELAB](#) [ITELAB](#)

SUBJECT: TWO DEMONSTRATIONS DOWN, ONE GENERAL STRIKE TO GO

REFS: A) 01 ROME 3893; B) 01 ROME 6301; C) ROME 1421;  
D) ROME 1462

UNCLASSIFIED

PAGE 02 ROME 01744 01 OF 05 081356Z

SUMMARY

1. STRIKES AND LABOR DEMONSTRATIONS IN ITALY ARE MOUNTING. WORKING HOURS LOST TO STRIKES IN JANUARY-FEBRUARY WERE NEARLY 1,500 PERCENT HIGHER THAN IN COMPARABLE MONTHS OF 2001. TRADE UNION CONFEDERATION CGIL ORGANIZED A RECORD MILLION-PLUS ANTI-GOVERNMENT PROTEST IN ROME 3/23, FOLLOWED 3/26 BY ITALY-WIDE TRADE UNION RALLIES AGAINST TERRORISM. OVERCOMING DIFFERENCES, ALL FOUR NATIONAL TRADE UNION CONFEDERATIONS ARE PLANNING A GENERAL STRIKE 4/16 TO PROTEST PROPOSALS FOR GOI LABOR LAW REFORM. CONFRONTATION SEEMS TO BE IN THE AIR, REMINISCENT OF TURMOIL THAT HELPED BRING DOWN THE FIRST BERLUSCONI GOI IN 1994. MEANWHILE, THE RED BRIGADES' 3/16 ASSASSINATION OF LABOR MINISTRY ADVISER MARCO BIAGI ADDS FURTHER UNCERTAINTY - RECALLING THE TERRORISM-PLAGUED "YEARS OF LEAD" OF THE 1970'S-1980'S.

2. BUT SIMILARITIES NOTWITHSTANDING, TIMES HAVE CHANGED. CURRENT PROBLEMS STEM FROM FUNDAMENTAL SHIFTS IN ITALIAN SOCIETY. ITALY'S WELTER OF SHORT-LIVED, SHIFTING COALITION GOVERNMENTS HAS ENDED. A STABLE ALLIANCE THAT HAS EMERGED ON THE CENTER-RIGHT IS BENT ON USING ITS PARLIAMENTARY MAJORITY TO ENACT LONG-DELAYED REFORMS. "BIPOLARISM" IS INCOMPLETE ON THE CENTER-LEFT, HOWEVER, WHERE PREVIOUS POLITICAL ALLIANCES ARE DECOMPOSING AND NO COHERENT OPPOSITION CAN CHECK THE GOVERNMENT IN PARLIAMENT. WITH REGARD AT LEAST TO LABOR LAW REFORM, THIS ROLE HAS BEEN TAKEN UP OUTSIDE THE PARLIAMENTARY FORUM BY CIVIL SOCIETY'S STRONGEST INSTITUTION, THE 5.4 MILLION-MEMBER TRADE UNION CONFEDERATION CGIL. GOVERNMENT MISSTEPS CONTRIBUTED TO A CLOSING OF LABOR'S RANKS AND THE

UNCLASSIFIED

PAGE 03 ROME 01744 01 OF 05 081356Z

TRANSFORMATION OF A MINOR ELEMENT IN ITS REFORM PROGRAM ("ARTICLE 18") INTO A TRANSCENDENT SYMBOL OF WORKER RIGHTS FOR THE UNIONS AND, FOR THE GOI, ITS RIGHT/OBLIGATION TO GOVERN.

3. THE EMERGING UNION/GOI CONFRONTATION INVOLVES NO FUNDAMENTAL DIFFERENCES IN GOVERNING PHILOSOPHY OR PROGRAM. EACH SIDE SUPPORTS DEMOCRACY, MAJORITY RULE, HUMAN RIGHTS, AND ECONOMIC PROGRESS. FOR THE MOMENT, HOWEVER, THE CONTENDERS MUST WRESTLE WITH THE CONSEQUENCES OF PARLIAMENTARY DEMOCRACY'S SHORTCOMINGS AND THOSE OF ITALIAN SOCIETY'S HIERARCHICAL, NON-EGALITARIAN HERITAGE. END SUMMARY

PARLIAMENTARY DEMOCRACY: A RETURN TO DEMOCRATIC CENTRALISM

4. ONCE UPON A TIME ITALY WAS GOVERNED BY SHORT-LIVED GOVERNMENTS, COMPOSED OF SHIFTING COALITIONS, THAT HAD A FACTION-RIDDEN CHRISTIAN DEMOCRATIC (DC) PARTY AT ITS CENTER. WITH SOME VARIATION, 52 SUCH EXPERIENCES TOOK PLACE BETWEEN THE REPUBLIC'S PROCLAMATION IN JUNE 1946 AND "BIPOLARISM'S" EMERGENCE IN MAY 1996. IN SEVERAL CASES, A MINORITY DC GOVERNED ALONE, TACITLY SUPPORTED BY ALLIES NOT FORMALLY PART OF THE GOVERNMENT. ALTHOUGH RESPONDING TO PRAGMATIC AND PERSONALITY CONSIDERATIONS, THE PARTIES PRETENDED TO BE MOTIVATED BY PARTICULAR IDEOLOGIES - CATHOLICISM, SOCIALISM, LIBERALISM. THE IDEOLOGIES MADE DECISION-MAKING DIFFICULT, IF NOT IMPOSSIBLE, FOR GOVERNMENTS THAT RISKED BREAKUP OVER INTRACTABLE ISSUES. THE CONTINUOUS FORMATION, BREAKUP, AND RECOMPOSING OF GOVERNMENTS LEFT CITIZENS LITTLE OPPORTUNITY TO CONTROL THE COMPLEXION OR POLICIES OF GOVERNMENT THROUGH

UNCLASSIFIED

PAGE 04 ROME 01744 01 OF 05 081356Z

THEIR EXERCISE OF THE BALLOT.

5. THAT PERIOD HAS ENDED. IN THE EARLY 1990'S, THE PARTIES THAT HAD FORMED 50 POST-WWII REVOLVING DOOR GOVERNMENTS IMPLoded UNDER THE PRESSURE OF JUDICIAL "CLEAN HANDS" CORRUPTION INVESTIGATIONS. A NEW PARTY (FORZA ITALIA - FI), FOUNDED BY BUSINESSMAN SILVIO BERLUSCONI, EMERGED AS THE WINNER OF MAY 1994 ELECTIONS. FI WAS NOMINALLY CENTER-RIGHT AND DREW MUCH OF ITS SUPPORT FROM FORMER DC VOTERS. IT WAS NON-IDEOLOGICAL, HOWEVER, PROJECTING ITS FOUNDER'S IMAGE OF MODERNIZING, BUSINESSLIKE PRAGMATISM. BERLUSCONI FORMED A GOVERNMENT WITH HELP FROM ANOTHER PRAGMATIST, GIANFRANCO FINI, WHO SOUGHT TO RESHAPE FASCISM'S POST-WWII HEIR (THE

MSI) INTO A CONSERVATIVE, BUT CONTEMPORARY PARTY (THE ALLIANZA NAZIONALE - AN). STILL SHORT OF A PARLIAMENTARY MAJORITY, BERLUSCONI WAS FORCED TO TURN TO THE SOMETIME SECESSIONIST NORTHERN LEAGUE (LN), LED BY MAVERICK UMBERTO BOSSI. THE COMBINATION PROVED UNSTABLE, AND BERLUSCONI'S FIRST ATTEMPT AT GOVERNING ITALY COLLAPSED SEVEN MONTHS AFTER IT WAS FORMED.

16. LEFT-OF-CENTER PARTIES, LARGELY UNTOUCHED BY THE "CLEAN HANDS" INVESTIGATIONS, BENEFITED FROM BERLUSCONI'S FAILED 1994 VENTURE. ROMANO PRODI FORMED A GOVERNMENT IN MAY 1996 THAT UNITED UNDER ONE UMBRELLA ALL MAJOR POLITICAL FORMATIONS TO THE LEFT OF CENTER, WITH CRITICAL SUPPORT IN PARLIAMENT FROM FAR-LEFT COMMUNIST RENEWAL (RC). PRODI'S GOVERNMENT

UNCLASSIFIED

UNCLASSIFIED PTQ7924

PAGE 01 ROME 01744 02 OF 05 081356Z  
ACTION DRL-02

|      |         |         |         |         |         |         |         |
|------|---------|---------|---------|---------|---------|---------|---------|
| INFO | LOG-00  | NP-00   | AID-00  | A-00    | CA-01   | CCO-00  | CEA-01  |
|      | CIAE-00 | COME-00 | CTME-00 | INL-00  | DODE-00 | ITCE-00 | ANHR-00 |
|      | WHA-00  | SRPP-00 | DS-00   | EB-00   | EXME-00 | EUR-00  | E-00    |
|      | UTED-00 | VC-00   | FRB-00  | OBO-00  | H-01    | TEDE-00 | INR-00  |
|      | ITC-01  | LAB-01  | L-00    | VCE-00  | M-00    | AC-01   | DCP-01  |
|      | NSAE-00 | NSCE-00 | OCS-03  | OMB-01  | OPIC-01 | OPR-01  | PA-00   |
|      | PC-01   | PM-00   | PRS-00  | ACE-00  | P-00    | SCT-00  | SP-00   |
|      | IRM-00  | SSO-00  | STR-00  | TEST-00 | TRSE-00 | USIE-00 | USSH-00 |
|      | R-00    | PMB-00  | DSCC-00 | G-00    | NFAT-00 | SAS-00  | /016W   |

-----80AAD4 081356Z /38

R 081306Z APR 02  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC 3151  
INFO EUROPEAN POLITICAL COLLECTIVE  
DEPT OF LABOR WASHDC  
AMCONSUL FLORENCE  
AMCONSUL MILAN  
AMCONSUL NAPLES

UNCLAS SECTION 02 OF 05 ROME 001744

SIPDIS

E.O. 12958: N/A

TAGS: [ELAB](#) [PGOV](#) [PGOV](#) [PGOV](#) [PGOV](#) [IT](#) [ITELAB](#) [ITELAB](#) [ITELAB](#) [ITELAB](#)  
SUBJECT: TWO DEMONSTRATIONS DOWN, ONE GENERAL STRIKE TO GO

DISTINGUISHED ITSELF BY EXERCISING SUFFICIENT INTERNAL DISCIPLINE (ESPECIALLY FISCAL DISCIPLINE) TO QUALIFY ITALY  
UNCLASSIFIED

PAGE 02 ROME 01744 02 OF 05 081356Z  
FOR ENTRY INTO THE EUROPEAN MONETARY UNION (EMU). PRODI'S GOVERNMENT ENDED IN OCTOBER 1998 WHEN RC WITHDREW ITS SUPPORT. HIS WAS SUCCEEDED BY THREE FURTHER CENTER-LEFT GOVERNMENTS, WHICH RESEMBLED DC PREDECESSORS IN THAT THEY CHANGED OFTEN AND ACCOMPLISHED LITTLE. VOTERS REJECTED A REPEAT CENTER-LEFT OPTION IN MAY 2001 ELECTIONS AND GAVE BERLUSCONI'S FI A SOLID ENDORSEMENT.

17. THE FI-LED GOVERNMENT BERLUSCONI FORMED IN JUNE 2001 APPEARS STABLE, ENJOYING MAJORITIES IN BOTH PARLIAMENTARY CHAMBERS EVEN WITHOUT THE VOTES OF UNPREDICTABLE LN ALLY BOSSI. IN CONTRACT-WITH-AMERICA STYLE, BERLUSCONI CAMPAIGNED FOR OFFICE ON THE BASIS OF AN ACTIVIST PLATFORM TO WHICH FI'S POLITICAL ALLIES ALSO SUBSCRIBED. THE UNRESOLVED ISSUES FACED WITHIN THE GOVERNMENT COALITION ACCORDINGLY CENTER MORE ON QUESTIONS OF TACTICS AND TIMING THAN PROGRAM. POINTING TO ELECTION RESULTS AND, AS POLLS REVEAL, HIS CONTINUING POPULARITY BERLUSCONI SPEAKS OFTEN NOT ONLY OF HIS MANDATE TO GOVERN BUT OF AN OBLIGATION TO USE HIS CHAMBER AND SENATE MAJORITIES TO ENACT REFORMIST LEGISLATION. WHILE THE GOVERNMENT DOESN'T IGNORE ITS BACK BENCH SENATORS AND MP'S, GOI DECISION MAKING RESTS TODAY, PERHAPS MORE THAN AT ANY TIME IN THE REPUBLIC'S HISTORY, IN THE HANDS OF A FEW, LIKE-MINDED POLITICAL LEADERS.

PARLIAMENTARY DEMOCRACY: IMPLOSION ON THE CENTER-LEFT

18. ONCE UPON A TIME A DISCIPLINED, OPAQUE ITALIAN COMMUNIST PARTY (PCI) DOMINATED THE LEFT PORTION OF THE POLITICAL SPECTRUM AND, AT ITS PEAK, GARNERED ONE OUT OF EVERY THREE VOTES CAST IN ITALIAN ELECTIONS. ALTHOUGH THE PCI WAS SPARED  
UNCLASSIFIED

PAGE 03 ROME 01744 02 OF 05 081356Z  
THE FALLOUT OF CLEAN HANDS INVESTIGATIONS, SEISMIC EVENTS ELSEWHERE (END OF THE BERLIN WALL AND SOVIET EMPIRE'S COLLAPSE) PROPELLED IT TO REFORM ITSELF. IN 1991 THE BULK OF PARTY MEMBERS CONVERTED INTO A SOCIAL-DEMOCRATIC PARTY OF THE DEMOCRATIC LEFT (PDS). HARD-LINE DISSIDENTS EXITED AND FORMED COMMUNIST RENEWAL (RC). THAT GROUP IN TURN SPLIT IN 1995 AND AGAIN IN 1998 WHILE, ON THE PDS SIDE, EFFORTS TO UNITE WITH OTHER LEFTIST GROUPS LED THE PARTY TO RENAME

ITSELF (1998) THE DEMOCRATS OF THE LEFT (DS). NOT ALL OLD-LINE PCI ELEMENTS APPRECIATED THESE MOVES, AND FACTIONALISM APPEARED IN A NEWLY TRANSPARENT PARTY THAT, IN SUBSEQUENT ELECTIONS, LOST HALF ITS PUBLIC SUPPORTERS - IN MAY 2001, THE DS WON BARELY 16 PERCENT OF THE VOTE.

19. MAY 2001 ELECTIONS DEALT SAGGING DS MORALE A FURTHER BLOW WHEN A COLLECTION OF DS CENTRIST ALLIES, ALL SIGNIFICANTLY SMALLER THAN THE DS, COALESCED BEFORE THE ELECTIONS (INTO THE "DAISY") AND EMERGED WITH 14-PLUS PERCENT OF THE VOTE. THIS DEVELOPMENT LEFT A DIMINISHING DS SUBJECT TO BOTH INTERNAL STRIFE (SOME FACTIONS SAW SALVATION IN MOVING THE PARTY FARTHER LEFTWARD, OTHERS IN AFFIRMING A MORE CENTRIST VOCATION) AND COMPETITION FROM A RELATIVELY EQUAL CENTRIST PARTNER IN LEADING THE OPPOSITION TO BERLUSCONI. ELECTION LOSSES AND SQUABBLES AMONG DS AND DAISY LEADERS REVERBERATED AMONG THE PARTIES' MEMBERS AND SYMPATHIZERS AND CULMINATED, FEBRUARY 2, 2002, IN A DISASTROUSLY FAILED ANTI-GOI ROME RALLY. BEFORE A DIMINUTIVE CROWD OF 5,000, A BEVY OF DS AND DAISY LEADERS HEARD THEMSELVES DENOUNCED AS FAILURES BY FILM DIRECTOR/DS ACTIVIST NANNI MORETTI, WHO CALLED ON THEM TO STEP ASIDE.

UNCLASSIFIED

PAGE 04 ROME 01744 02 OF 05 081356Z

10. COMPOUNDING DS/DAISY LEADERS' MISFORTUNES, RANK-AND-FILE SUPPORTERS ARE INCLINED TO SEEK INSPIRATION AND DIRECTION OUTSIDE THE PARTIES' STRUCTURE. THE CGIL, WITH 5.4 MILLION MEMBERS, IS ITALY'S LARGEST TRADE UNION CONFEDERATION. ONCE SEEN AS THE PCI'S "TRANSMISSION BELT," ITS TRANSFORMATION INTO A PROFESSIONAL, FULLY AUTONOMOUS TRADE UNION INSTITUTION WAS COMPLETED UNDER CHARISMATIC SECRETARY GENERAL SERGIO COFFERATI. THE EMERGENCE OF A UNITED, POWERFUL CENTER-RIGHT, COMBINED WITH DISINTEGRATION ON THE CENTER-LEFT, CONVINCED COFFERATI THE CGIL COULD NOT REMAIN A DISINTERESTED OBSERVER. BREAKING RANKS WITH COLLEAGUE/COMPETITOR TRADE UNION CONFEDERATIONS CISL AND UIL (WHICH OPPOSED BUT WERE PREPARED TO DEAL WITH THE BERLUSCONI GOVERNMENT), THE CGIL UNDER COFFERATI ASSUMED A DE FACTO, IF EXTRA-PARLIAMENTARY OPPOSITION ROLE (REF A). WHILE FOCUSED ON INTRANSIGENTLY OPPOSING ELEMENTS IN THE GOI'S LABOR LAW REFORM PACKAGE, COFFERATI/THE CGIL VENTURED CRITICISM OF THE GOI ON MATTERS AS VARIED AS THE GOVERNMENT'S EDUCATION POLICY AND ITS ALLEGED "ANTI-EUROPEAN" OUTLOOK.

EUROPEAN DEMOCRACY: NOT ALL MEN (OR WOMEN) ARE CREATED EQUAL

11. ONCE UPON A TIME A KING AND QUEEN OCCUPIED THE ROME PALACE FROM WHERE POPES HAD RULED MUCH OF ITALY. THEY SAT AT THE TOP OF A SOCIAL/POLITICAL/ECONOMIC SYSTEM LADDER, ACCOMPANIED BY PRINCES, PRINCESSES, COUNTS, BISHOPS, AND OTHER BEINGS OF LESSER RANK AND PRIVILEGE. THEY PERPETUATED,

UNCLASSIFIED

UNCLASSIFIED PTQ7928

PAGE 01 ROME 01744 03 OF 05 081357Z  
ACTION DRL-02

|      |         |         |         |         |         |         |         |
|------|---------|---------|---------|---------|---------|---------|---------|
| INFO | LOG-00  | NP-00   | AID-00  | A-00    | CA-01   | CCO-00  | CEA-01  |
|      | CIAE-00 | COME-00 | CTME-00 | INL-00  | DODE-00 | ITCE-00 | ANHR-00 |
|      | WHA-00  | SRPP-00 | DS-00   | EB-00   | EXME-00 | EUR-00  | E-00    |
|      | UTED-00 | VC-00   | FRB-00  | OBO-00  | H-01    | TEDE-00 | INR-00  |
|      | ITC-01  | LAB-01  | L-00    | VCE-00  | M-00    | AC-01   | DCP-01  |
|      | NSAE-00 | NSCE-00 | OCS-03  | OMB-01  | OPIC-01 | OPR-01  | PA-00   |
|      | PC-01   | PM-00   | PRS-00  | ACE-00  | P-00    | SCT-00  | SP-00   |
|      | IRM-00  | SSO-00  | STR-00  | TEST-00 | TRSE-00 | USIE-00 | USSS-00 |
|      | R-00    | PMB-00  | DSCC-00 | G-00    | NFAT-00 | SAS-00  | /016W   |

-----80AAE2 081357Z /38

R 081306Z APR 02  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC 3152  
INFO EUROPEAN POLITICAL COLLECTIVE  
DEPT OF LABOR WASHDC  
AMCONSUL FLORENCE  
AMCONSUL MILAN  
AMCONSUL NAPLES

UNCLAS SECTION 03 OF 05 ROME 001744

SIPDIS

E.O. 12958: N/A

TAGS: [ELAB](#) [PGOV](#) [PGOV](#) [PGOV](#) [PGOV](#) [PGOV](#) [IT](#) [ITELAB](#) [ITELAB](#) [ITELAB](#) [ITELAB](#)  
SUBJECT: TWO DEMONSTRATIONS DOWN, ONE GENERAL STRIKE TO GO

IN SUM, A SYSTEM AND SET OF ATTITUDES IN ITALY THAT HAD REMAINED MUCH THE SAME SINCE THE DAYS OF THE ROMAN EMPIRE.

UNCLASSIFIED

PAGE 02 ROME 01744 03 OF 05 081357Z

12. THE KING AND QUEEN LEFT IN JUNE 1946. THEY WERE VOTED OUT BY POPULAR REFERENDUM. THE REST OF THE SYSTEM STAYED.

IT DIDN'T STAY UNALTERED, BUT CHANGES - PROVOKED BY MILITARY DEFEAT AND FOREIGN OCCUPATION IN WORLD WAR II - CAME SLOWLY. THE FIRST ARTICLE OF THE NEW REPUBLIC'S CONSTITUTION, PROMULGATED IN DECEMBER 1947, PROCLAIMED ITALY A DEMOCRATIC REPUBLIC, "FOUNDED ON LABOR." INDUSTRIAL GROWTH AND ECONOMIC RECOVERY IN NORTHERN ITALY HELPED THE TRADE UNIONS GAIN STRENGTH AND, WITH THE PASSAGE OF TIME, THEY BECAME SOLIDLY ROOTED INSTITUTIONS. ALTHOUGH THE WORKERS THEY REPRESENTED HAD NO CONTRACTUALLY EQUAL "EMPLOYERS" TO DEAL WITH, THE UNIONS USED COLLECTIVE BARGAINING NEGOTIATIONS TO ACHIEVE ECONOMIC GAINS FROM THEIR "GIVERS OF WORK" ("DATORI DI LAVORO" IN ITALIAN). POLITICAL GAINS CAME AS A RESULT OF THE UNIONS' LINKS TO POLITICAL PARTIES: CGIL AND PCI, CISL AND DC, UIL AND THE SOCIALISTS. UNION GAINS CULMINATED WITH PASSAGE IN 1970 OF ITALIAN LABOR'S MAGNA CARTA - THE WORKERS STATUTE. TITLE I OF THAT DOCUMENT HAD 13 ARTICLES "ON THE WORKER'S DIGNITY AND FREEDOM." THESE COVERED MATTERS SUCH AS THE WORKER'S RIGHT TO EXPRESS OPINIONS IN THE WORKPLACE AND TO ENJOY DUE PROCESS IN DISCIPLINARY PROCEEDINGS. TITLE I ALSO PROHIBITED EMPLOYERS FROM USING SECURITY GUARDS TO HASSLE WORKERS OR MONITORING THEM WITH AUDIO-VISUAL EQUIPMENT AND FORBADE SUBJECTING EMPLOYEES TO ROUTINE PHYSICAL SEARCHES OR MEDICAL INVESTIGATIONS. THE STATUTE'S TITLE II ("ON TRADE UNION LIBERTIES") INCLUDED AN ARTICLE 18 ON JOB REINSTATEMENT. THIS PROHIBITED FIRMS EMPLOYING MORE THAN 15 WORKERS FROM FIRING AN INDIVIDUAL WORKER WITHOUT "JUST CAUSE." WORKERS DETERMINED BY THE COURTS TO HAVE BEEN FIRED WITHOUT JUST CAUSE WERE ENTITLED TO GET THEIR OLD JOB BACK.

UNCLASSIFIED

PAGE 03 ROME 01744 03 OF 05 081357Z

113. THE 1990'S ELEVATED THE UNIONS TO A NEW LEVEL OF NATIONAL PROMINENCE. THE COLLAPSE OF THE GOVERNING PARTIES UNDER THE IMPACT OF "CLEAN HANDS" JUDICIAL INVESTIGATIONS CREATED A POWER VACUUM IN PARLIAMENT AND WORSENE THE COUNTRY'S ALREADY DIFFICULT ECONOMIC SITUATION. A TRANSITIONAL GOVERNMENT UNDER THEN PRIME MINISTER GIULIANO AMATO APPEALED TO EMPLOYERS AND UNIONS FOR HELP. DISCUSSIONS BEGUN IN 1992 LED TO FORMAL SIGNING IN 1993 OF THE FIRST "SOCIAL PACT," A 3-WAY ARRANGEMENT AMONG GOVERNMENT, EMPLOYERS, AND UNIONS THAT, FOR THE FIRST TIME IN ITALY'S HISTORY, SAW WORKER REPRESENTATIVES SEATED AT THE COUNTRY'S ECONOMIC/SOCIAL POLICY DECISION-MAKING TABLE. POLICY DECISIONS TAKEN BY CONSENSUS BUILDING ("CONCERTAZIONE" IN ITALIAN) HELPED STABILIZE THE COUNTRY POLITICALLY AND ECONOMICALLY FOR THE REST OF THE DECADE.

NO ONE HAS A MONOPOLY ON MISSTEPS

114. "CONCERTAZIONE" WORKED BUT COULDN'T LAST. PROFESSIONAL POLITICIANS PAID LIP SERVICE BUT, IN THEIR HABITS, WERE WEDDED TO EXERCISING POWER (WHEN THEY COULD) BY THEMSELVES. THE EMERGENCE AFTER MAY 2001 ELECTIONS OF GOVERNMENT BASED ON A STABLE PARLIAMENTARY MAJORITY MEANT THE UNIONS' PARTICIPATION IN SOCIAL/ECONOMIC POLICYMAKING WAS NO LONGER REQUIRED. THE CORRESPONDING LEADERSHIP IMPLOSION OF PARTIES ON THE CENTER-LEFT MEANT THE UNIONS NOW HAD NEITHER A SEAT AT THE DECISION-MAKING TABLE NOR A COHERENT OPPOSITION INTERMEDIARY IN PARLIAMENT. THEIR OPTIONS INVOLVED DIRECT NEGOTIATION WITH THE GOI (PREFERRED CHOICE OF CISL AND UIL) OR OPPOSING IT THROUGH STRIKES AND DEMONSTRATIONS (CGIL).

UNCLASSIFIED

PAGE 04 ROME 01744 03 OF 05 081357Z

115. ONE OF THE BERLUSCONI GOVERNMENT'S MAIN OBJECTIVES - AS HAD BEEN THE CASE WITH CENTER-LEFT GOVERNMENTS BEFORE IT - WAS TO STIMULATE, MODERNIZE, AND IMPROVE THE COMPETITIVENESS OF THE ITALIAN ECONOMY. DURING THE ELECTORAL CAMPAIGN, BERLUSCONI PROMISED BETTER PENSIONS FOR WORKERS, LOWER TAX BURDENS FOR EMPLOYERS, AND MORE JOBS FOR EVERYONE. ACHIEVING THESE OBJECTIVES REQUIRED CHANGES IN ITALIAN LABOR LAW. AMONG OTHER THINGS, BERLUSCONI PROPOSED DECREASING WORKER DEPENDENCE ON ITALY'S PRECARIOUS GOVERNMENT SOCIAL SECURITY SYSTEM ("INPS") BY PROVIDING INCENTIVES FOR WORKERS AND EMPLOYERS TO DIVERT A PORTION OF THEIR INPS PAYMENTS INTO MARKET-LINKED PRIVATE PENSION FUNDS. HE ALSO PROPOSED INCENTIVES FOR FIRMS TO INVEST (AND CREATE NEW JOBS) IN ITALY'S HIGH-UNEMPLOYMENT SOUTH. GIVEN HIS FOCUS ON PROMOTING EXPORTS, BERLUSCONI DECIDED TO ASSUME THE FOREIGN MINISTRY PORTFOLIO HIMSELF AFTER THEN-FOREIGN MINISTER RENATO RUGGIERO "RESIGNED" IN JANUARY 2002, OVERSEEING THAT MINISTRY'S ASSUMPTION OF A "FOREIGN COMMERCIAL SERVICE" ROLE IT PREVIOUSLY HAD SHUNNED.

116. THE PROBLEMS UNIONS HAVE WITH GOI PROPOSALS DO NOT INVOLVE FUNDAMENTAL IDEOLOGICAL DIVERGENCE OVER OBJECTIVES. HAVING ASSUMED THE ROLE OF THE GOVERNMENT'S SEVEREST CRITIC, COFFERATI FELT COMPELLED (JUNE 2001) TO STRESS THE CGIL WOULD NOT OPPOSE THE GOVERNMENT FOR OPPOSITION'S SAKE BUT WOULD TAILOR RESPONSES TO GOVERNMENT ACTIONS. THE CGIL'S RESPONSE TO GOI PROPOSALS NEVERTHELESS WAS HOSTILE AND, AS TIME

UNCLASSIFIED

UNCLASSIFIED PTQ7930

PAGE 01 ROME 01744 04 OF 05 081357Z  
ACTION DRL-02

|      |         |         |         |         |         |         |         |
|------|---------|---------|---------|---------|---------|---------|---------|
| INFO | LOG-00  | NP-00   | AID-00  | A-00    | CA-01   | CCO-00  | CEA-01  |
|      | CIAE-00 | COME-00 | CTME-00 | INL-00  | DODE-00 | ITCE-00 | ANHR-00 |
|      | WHA-00  | SRPP-00 | DS-00   | EB-00   | EXME-00 | EUR-00  | E-00    |
|      | UTED-00 | VC-00   | FRB-00  | OBO-00  | H-01    | TEDE-00 | INR-00  |
|      | ITC-01  | LAB-01  | L-00    | VCE-00  | M-00    | AC-01   | DCP-01  |
|      | NSAE-00 | NSCE-00 | OCS-03  | OMB-01  | OPIC-01 | OPR-01  | PA-00   |
|      | PC-01   | PM-00   | PRS-00  | ACE-00  | P-00    | SCT-00  | SP-00   |
|      | IRM-00  | SSO-00  | STR-00  | TEST-00 | TRSE-00 | USIE-00 | USSH-00 |
|      | R-00    | PMB-00  | DSCC-00 | G-00    | NFAT-00 | SAS-00  | /016W   |

-----80AAEB 081357Z /38

R 081306Z APR 02  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC 3153  
INFO EUROPEAN POLITICAL COLLECTIVE  
DEPT OF LABOR WASHDC  
AMCONSUL FLORENCE  
AMCONSUL MILAN  
AMCONSUL NAPLES

UNCLAS SECTION 04 OF 05 ROME 001744

SIPDIS

E.O. 12958: N/A

TAGS: [ELAB](#) [PGOV](#) [PGOV](#) [PGOV](#) [PGOV](#) [PGOV](#) [IT](#) [ITELAB](#) [ITELAB](#) [ITELAB](#) [ITELAB](#)  
SUBJECT: TWO DEMONSTRATIONS DOWN, ONE GENERAL STRIKE TO GO

PASSED, THE CONTRAST BETWEEN ITS STANCE AND THAT OF WILLING-  
TO-DEAL CISL AND UIL SHARPENED.

UNCLASSIFIED

PAGE 02 ROME 01744 04 OF 05 081357Z

17. THINGS CHANGED IN NOVEMBER. IN PRESENTING LABOR LAW PROPOSALS TO PARLIAMENT, THE GOI DOUBLY OFFENDED ALL THREE CONFEDERATIONS. ITS FIRST OFFENSE INVOLVED SEEKING AUTHORIZATION ("DELEGA") TO EFFECT SOME LABOR MARKET REFORMS ON THE BASIS OF GENERAL GUIDELINES APPROVED BY PARLIAMENT, I.E., WITHOUT VETTING THEM FIRST, VIA "CONCERTAZIONE," WITH THE UNIONS. ITS SECOND OFFENSE INVOLVED PROPOSALS TO SUSPEND ARTICLE 18 IN CASES INVOLVING (A) ENCOURAGEMENT FOR SMALL FIRMS TO GROW (AND CROSS THE 15-WORKER THRESHOLD), (B) INDUCEMENT FOR FIRMS OPERATING IN THE INFORMAL ECONOMY TO LEGALIZE THEIR STATUS, AND (C) TRANSFORMING SHORT-TERM LABOR CONTRACTS INTO "PERMANENT" EMPLOYMENT. FOR THE UNIONS, THIS REPRESENTED AN UNACCEPTABLE GOVERNMENT ATTACK ON A BASIC WORKER RIGHT, ONE TO BE RESISTED AT ALL COSTS.

18. THE GOI DID NOT RETREAT, BUT NEITHER DID IT PRESS MATTERS IN PARLIAMENT. THE DEBATE CONTINUED INSTEAD VIA MEDIA STATEMENTS AND CONFLICTING SIGNALS FROM ELEMENTS IN THE GOVERNMENT COALITION. BY THE TIME THE CGIL'S SCHEDULED QUADRENNIAL CONGRESS MET IN RIMINI (2/6-9), "GENERAL STRIKE" TALK WAS IN THE AIR. INVITED GUEST SPEAKER LUIGI ANGELETTI (SECRETARY GENERAL OF UIL) COUNSELED CAUTION. THINGS HAD CHANGED, HE SAID, WITH THE ELECTION OF A SAFE-MAJORITY GOVERNMENT. THE UNIONS COULD NOT FORCE A GOVERNMENT CHANGE BY TAKING TO THE STREETS OR STRIKING, BUT THEY COULD CHANGE GOVERNMENT POLICY BY WORKING ON PUBLIC OPINION. INVITED SPEAKER SAVINO PEZZOTTA (SECRETARY GENERAL OF CISL) AGREED. "SO WE STRIKE," HE SAID; "WHAT DO WE DO THE DAY AFTER?"

19. THE UIL HELD ITS OWN QUADRENNIAL CONGRESS A MONTH LATER  
UNCLASSIFIED

PAGE 03 ROME 01744 04 OF 05 081357Z  
(3/4-6). BY THEN, THE CGIL HAD ANNOUNCED PLANS FOR A GENERAL STRIKE APRIL 5. INVITED GUEST SPEAKER COFFERATI DREW APPLAUSE UNTIL HE TRIED TO JUSTIFY WHAT, FOR UIL DELEGATES, WAS UNJUSTIFIABLE - CGIL UNILATERALISM. THE CGIL HAD DECIDED ALONE, COFFERATI EXPLAINED, BECAUSE "CONDITIONS DIDN'T EXIST" FOR THE CONFEDERATIONS TO DECIDE JOINTLY. LOUD WHISTLES RESOUNDED. SOME WHISTLES ALSO SOUNDED WHEN GUEST SPEAKER (LABOR MINISTER) ROBERTO MARONI SPOKE. HOWEVER, MORE-THAN-POLITE APPLAUSE GREETED HIS ANNOUNCEMENT THE GOI HAD "HEARD" LABOR'S DETERMINED PROTEST AND WAS REOPENING THE DOOR TO NEGOTIATIONS. THE APPROACHING CONFLICT, IT SEEMED, WAS OVER.

20. IT WASN'T. "COFFERATI WINS," PROCLAIMED LEFTIST MEDIA. CGIL INTRANSIGENCE HAD WON THE DAY - THE GOI HAD ABANDONED THE FIELD. GOI REACTION WAS SWIFT. IT WOULD PROCEED, AN UNCHARACTERISTICALLY HARSH BERLUSCONI ANNOUNCED, WITH PLANS TO CHANGE ARTICLE 18. THE CGIL ANNOUNCED PLANS FOR AN ANTI-BERLUSCONI ROME RALLY 3/23. UIL AND CISL ENDORSED A GENERAL STRIKE AND SAID THEY WOULD AIM FOR A DATE IN COMMON WITH THE CGIL. WITH TENSION MOUNTING, RED BRIGADE TERRORISTS STRUCK, ASSASSINATING LABOR MINISTRY ADVISER MARCO BIAGI 3/19 (REFS C AND D). FOR SOME, THIS HAD A SOBERING EFFECT. THE CGIL RALLY, WHICH BROUGHT OVER A MILLION PEOPLE TO ROME'S CIRCUS MAXIMUS AND VICINITY, ADDED SUPPORT FOR DEMOCRACY AND REPUDIATION OF VIOLENCE TO ITS GOVERNMENT PROTEST AGENDA. CGIL JOINED CISL AND UIL IN MOUNTING A NATIONWIDE ANTI-



TERRORIST PROTEST 3/27. BUT IN THE MEANTIME LOOSE CANNONS FIRED FROM THE GOVERNMENT'S RANKS. ONE MINISTER CALLED THE 3/23 RALLY A "THREAT TO DEMOCRACY;" ANOTHER (BOSSI) SAID TERRORISTS WERE "THE CHILDREN" OF LABOR PROTESTS. HAVING THEMSELVES BEEN IN TERRORIST GUNSIGHTS DURING ITALY'S 1970'S-  
UNCLASSIFIED

PAGE 04 ROME 01744 04 OF 05 081357Z  
1980'S "YEARS OF LEAD," UNION LEADERS EXPLODED. PUTTING ASIDE THEIR DIFFERENCES, CGIL, CISL, AND UIL SET 4/16 AS THEIR COMMON GENERAL STRIKE DAY. THE UGL, A FOURTH NATIONAL TRADE UNION CONFEDERATION GENERALLY SYMPATHETIC TO FINI'S CONSERVATIVE AN, JOINED THE 4/16 GENERAL STRIKE CALL. BERLUSCONI DISTANCED HIMSELF FROM HIS MINISTERS' STATEMENTS WHICH, HE SAID, DID NOT REPRESENT HIS GOVERNMENT'S VIEWS. USING CONCILIATORY LANGUAGE, HE AND MARONI REITERATED THE GOI'S OBJECTIVE OF CHANGING ARTICLE 18 BUT INVITED THE UNIONS TO RESUME DIALOGUE.

AFTER THE GENERAL STRIKE: GROUNDS FOR PRAGMATISM  
-----

21. ITALIANS HAVE SOME SERIOUS ISSUES TO DEAL WITH, AMONG THEM JOB CREATION, IMMIGRATION, ASSURING RETIREMENT BENEFITS, WORKER SKILLS TRAINING/UPGRADING, INCREASING/EXTENDING UNEMPLOYMENT BENEFITS, STIMULATING INVESTMENT. THESE ARE ISSUES IN WHICH GOVERNMENT, UNIONS, AND EMPLOYERS ALL HAVE A STAKE; THEY'RE NOT MATTERS THAT EASILY LEND THEMSELVES TO RESOLUTION BY IDEOLOGY. IN THE FINAL ANALYSIS, REASONABLE AND PRAGMATIC GOI, BUSINESS, AND UNION OFFICIALS ARE LIKELIER TO FORM THEIR POSITIONS ON THE BASIS OF ECONOMIC DATA THAN ON IDEOLOGICAL PRINCIPLE. FOR ALL THE DRAMA ATTENDING THEIR DISPUTE OVER ARTICLE 18, LEADERS SUCH AS BERLUSCONI, FINI, COFFERATI, PEZZOTTA, AND ANGELETTI ARE PRAGMATIC MEN, HEADING PRAGMATIC ORGANIZATIONS. THE ANSWER TO SECRETARY GENERAL PEZZOTTA'S QUESTION ("WHAT DO WE DO THE DAY AFTER") IS,

UNCLASSIFIED

UNCLASSIFIED PTQ7932

PAGE 01 ROME 01744 05 OF 05 081357Z  
ACTION DRL-02

|      |         |         |         |         |         |         |         |
|------|---------|---------|---------|---------|---------|---------|---------|
| INFO | LOG-00  | NP-00   | AID-00  | A-00    | CA-01   | CCO-00  | CEA-01  |
|      | CIAE-00 | COME-00 | CTME-00 | INL-00  | DODE-00 | ITCE-00 | ANHR-00 |
|      | WHA-00  | SRPP-00 | DS-00   | EB-00   | EXME-00 | EUR-00  | E-00    |
|      | UTED-00 | VC-00   | FRB-00  | OBO-00  | H-01    | TEDE-00 | INR-00  |
|      | ITC-01  | LAB-01  | L-00    | VCE-00  | M-00    | AC-01   | DCP-01  |
|      | NSAE-00 | NSCE-00 | OCS-03  | OMB-01  | OPIC-01 | OPR-01  | PA-00   |
|      | PC-01   | PM-00   | PRS-00  | ACE-00  | P-00    | SCT-00  | SP-00   |
|      | IRM-00  | SSO-00  | STR-00  | TEST-00 | TRSE-00 | USIE-00 | USSS-00 |
|      | R-00    | PMB-00  | DSCC-00 | G-00    | NFAT-00 | SAS-00  | /016W   |

-----80AAF5 081357Z /38

R 081306Z APR 02  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC 3154  
INFO EUROPEAN POLITICAL COLLECTIVE  
DEPT OF LABOR WASHDC  
AMCONSUL FLORENCE  
AMCONSUL MILAN  
AMCONSUL NAPLES

UNCLAS SECTION 05 OF 05 ROME 001744

SIPDIS

E.O. 12958: N/A

TAGS: [ELAB](#) [PGOV](#) [PGOV](#) [PGOV](#) [PGOV](#) [PGOV](#) [IT](#) [ITELAB](#) [ITELAB](#) [ITELAB](#) [ITELAB](#)  
SUBJECT: TWO DEMONSTRATIONS DOWN, ONE GENERAL STRIKE TO GO

"WE'LL TALK SOME MORE."

UNCLASSIFIED

PAGE 02 ROME 01744 05 OF 05 081357Z  
22. THEY'LL TALK ABOUT ARTICLE 18'S REAL RELATIONSHIP TO JOB PROTECTION AND INCREASING EMPLOYMENT. THE ARTICLE "PROTECTS" WORKERS IN FIRMS WITH MORE THAN 15 EMPLOYEES FROM BEING UNJUSTLY FIRED. COURTS CAN ORDER WORKERS SO FIRED TO BE REINSTATED. WHILE THE SIZE OF MOST ITALIAN FIRMS (PERHAPS 7 OUT OF 8) PUTS THEM BELOW THIS CUTOFF, MOST EMPLOY ONLY 5, 6, OR 7 WORKERS, I.E., THEY COULD DOUBLE IN SIZE AND STILL NOT CROSS THE 15-WORKER THRESHOLD (AND THUS BE AFFECTED BY THE GOI'S PROPOSED CHANGES). OF WORKERS WHO WERE "PROTECTED" BY ARTICLE 18 IN 2001, PERHAPS 100 WON CASES IN COURT; MOST OPTED FOR COMPENSATION RATHER THAN REINSTATEMENT IN THEIR OLD POSITION. HOWEVER, WHATEVER PROTECTION OPTION THEY CHOSE IS LIKELY TO HAVE COME AT A PRICE - LONG MONTHS, PERHAPS YEARS, OF CASES PROCESSING THROUGH ITALY'S NOTORIOUSLY SLOW COURTS. THE GOI AND UNIONS ARE BOTH NOW TALKING ABOUT "MEDIATION" AND "ARBITRATION" - A LIKELY FOCUS FOR FURTHER DISCUSSION.

23. ITALY'S NATIONAL UNEMPLOYMENT RATE IS AN UNSATISFACTORY 9.2 PERCENT. BUT THIS IS AN ARTIFICIAL FIGURE, ONE THAT HIDES LOW 3.9 PERCENT REGIONAL UNEMPLOYMENT IN THE NORTH (WHERE SKILLS SHORTAGES ARE GROWING) AND HIGH 18.8 PERCENT

UNEMPLOYMENT IN THE SOUTH. UNEMPLOYMENT IN ITALY'S DYNAMIC  
NORTHEAST STANDS AT 3.5 PERCENT (JOBS THERE HAVING GROWN 2.2  
PERCENT IN 2001). THIS EMPLOYMENT GROWTH CONTINUES A TREND  
BEGUN IN 1998, WHEN "ATYPICAL" JOB CONTRACTS (I.E., FOR PART  
TIME AND TEMPORARY WORK) WERE LEGALIZED AND PRIVATE  
EMPLOYMENT AGENCIES SUCH AS "MANPOWER" BEGAN OPERATING.  
ALTHOUGH THE UNIONS FEARED EMPLOYERS WOULD USE "ATYPICAL"  
CONTRACTS AT THE EXPENSE OF "PERMANENT" JOBS, NEW "PERMANENT"  
JOBS ACCOUNTED FOR MOST EMPLOYMENT GROWTH IN 2001 AND, AT  
MANPOWER, APPROXIMATELY 30 PERCENT (AND, IN PLACES, UP TO 45  
UNCLASSIFIED

PAGE 03 ROME 01744 05 OF 05 081357Z  
PERCENT) OF WORKERS PLACED IN TEMPORARY JOBS WERE CONVERTED  
TO PERMANENT STATUS. THE GOI AND UNIONS WILL HAVE TO  
CONSIDER WHY THE ARTICLE 18 BARRIER TO EMPLOYMENT GROWTH, IF  
THAT'S WHAT IT IS, PRODUCES SUCH DISPARATE EFFECTS.

124. IF IDEOLOGY PLAYS A ROLE IN UNION/GOVERNMENT DISCUSSIONS,  
IT'S LIKELY TO BE THE IDEOLOGY OF A PART OF THE GOI'S AN  
COMPONENT, THE "SOCIAL RIGHT." THIS "RIGHT" DOES NOT HAVE A  
THATCHERITE GOAL OF SMASHING UNIONS; ITS PATERNALISTIC  
CONCERN IS THE "PROTECTION" OF WORKERS, A CONCERN MANIFESTED  
IN CLOSE TIES WITH TRADE UNION CONFEDERATION UGL. THEIR  
VOICES, URGING CAUTION FROM WITHIN THE GOI, ARE FINDING ECHO  
AMONG AT LEAST SOME BUSINESSMEN OUTSIDE WHO SEE NOTHING TO  
GAIN FROM GOI/UNION CONFLICT. A PRAGMATIC BERLUSCONI GOI  
BENT ON MODERNIZING/GOVERNING ITALY WILL VOTE CHANGES INTO  
LAW - BUT ONLY AFTER MUCH MORE TALKING WITH THE UNIONS.

UNCLASSIFIED

>  
2002ROME01744 - Classification: UNCLASSIFIED